

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: November 13, 2006

PAYROLL LETTER #06-025  
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: DON SCHEPPMANN, Chief  
Personnel/Payroll Services DivisionRE: **STATE DISABILITY INSURANCE (SDI) CHANGES**

The Department of Personnel Administration's (DPA) PML 2006-042, dated November 6, 2006, announced SDI program changes for SEIU rank and file employees in Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21. Effective July 1, 2006, the State will continue health related insurance coverage up to 26 weeks while an employee is receiving SDI benefits and effective immediately, an employee may elect to use a maximum of 40 hours of leave credits per month to supplement her/his SDI benefits.

**HEALTH BENEFIT COVERAGE**

Effective July 1, 2006, the State will continue health, dental, and vision benefits up to 26 weeks while an employee is receiving SDI benefits if she/he meets the criteria for FMLA. This supersedes the previously negotiated 12-week agreement. Employees who are not eligible for FMLA or who have exhausted their 26 week coverage must make direct payments to their insurance carrier if they wish to continue coverage.

Effective immediately, departments should submit Form STD. 674AR to establish an accounts receivable for continuation of medical benefits for employees that were or are eligible for medical coverage beyond the previous 12 weeks. Please refer to Payroll Procedures Manual (PPM) sections H826 and H827 and Payroll Letter #06-005 for documentation instructions for requesting continuation of medical benefits.

Employees may have made direct payments to their insurance carrier after July 1, 2006 to continue medical benefits beyond the previously negotiated 12 weeks. The employees may request a reimbursement from the insurance carrier for the period between the 12<sup>th</sup> and 26<sup>th</sup> week. Before requesting reimbursement, the department must submit Form STD. 674AR to the State Controller's Office to establish an accounts receivable covering the time the employee made direct payments up to 26 weeks. After the accounts receivable has been established and reported to the insurance carrier, the employee can request the reimbursement.

**SUPPLEMENTING SDI BENEFITS WITH LEAVE CREDITS**

An employee may use a maximum of 40 hours of leave credits per month to supplement their SDI benefits. This is separate from using leave credits to cover the SDI waiting period. The decision to supplement and the number of leave credits to use must be made during the first seven days of the SDI

waiting period for the entire time the employee anticipates receiving SDI benefits. For example, if an employee anticipates receiving SDI benefits for three months, the decision to supplement and the number of leave credits to use each of the three months must be made during the first seven days of the SDI waiting period. The leave credit supplementation combined with the SDI benefit amount and the time worked while on SDI cannot exceed the employee's monthly gross salary.

Requests for supplementing with leave credits must be submitted on a Form STD. 674D. Current month requests must be submitted by master payroll cutoff and can be faxed to PPSD at (916) 327-7205. Prior month requests cannot be faxed. Payments will be issued as regular pay and are subject to all mandatory deductions. Voluntary deductions will be withheld if there is sufficient net pay. The employee is responsible for canceling and reestablishing voluntary deductions and making direct payments to the deduction company.

NOTE: Continue to submit Form STD. 674 to request pay for employees who are working while on SDI.

### **COMPLETION OF FORM STD. 674D (Using leave credits while on SDI)**

|        |  |
|--------|--|
| BOX 1  | Enter CBID   |
| BOX 2  | Enter Social Security Number   |
| BOX 3  | Enter employee name  |
| BOX 4  | Enter position number for pay period of the request  |
| BOX 5  | Enter pay period of the request  |
| BOX 6  | Blank  |
| BOX 7  | Blank  |
| BOX 8  | Blank  |
| BOX 9  | Blank  |
| BOX 10 | Complete the following information:<br>Enter time worked and timebase fraction on the regular pay line |
| BOX 11 | Enter "Using Leave Credits While on SDI"   |
| BOX 12 | Complete   |
| BOX 13 | Complete   |
| BOX 14 | Complete   |

### **EMPLOYMENT HISTORY DOCUMENTATION**

An employee must be placed on a leave of absence before the Form STD. 674D can be submitted to request leave credit supplementation. If an employee has a qualifying pay period, key enter a 215 transaction effective the last day of the qualifying pay period. Please reference Payroll Letter #06-005 for further employment history documentation instructions.

### **REFERENCES**

Please reference PML 2006-042 dated November 6, 2006 for department responsibilities, program guidelines, and additional information related to the SDI program changes.

## CONTACTS

General questions concerning this letter may be directed to Lynn Black at (916) 327-3926 or by email at [Lblack@sco.ca.gov](mailto:Lblack@sco.ca.gov). Additional information concerning SDI is available on the Employment Development Department website at <http://www.edd.ca.gov/direp/diind.htm> and the DPA website at <http://www.dpa.ca.gov>. The following State Controller's Office staff is available to assist you:

| AREA                                | STAFF                   | PHONE NO.                            |
|-------------------------------------|-------------------------|--------------------------------------|
| Employment History<br>Documentation | Personnel Liaison Unit  | (916) 322-6500                       |
| Disability                          | Disability Liaison Unit | (916) 322-3619<br>FAX (916) 327-7205 |
| Benefits                            | Benefits Liaison Unit   | (916) 323-4718                       |

Revisions to the PPM and the PAM are forthcoming.

DS:LB:PMAB